

APRM COUNTRY REVIEW REPORT NO.14

AFRICAN PEER REVIEW MECHANISM



COUNTRY REVIEW REPORT

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

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EXECUTIVE SUMMARY

A. Introduction

- I. Ethiopia was one of the pioneer countries that acceded to the APRM in March 2003 and was peer reviewed at the 14th Summit of the APR Forum held in Addis Ababa on 29th January 2011.

B. Background

- II. Ethiopia, one of the world's oldest countries, has had a long, varied, and troubled history. Unique among African countries, during its three millennia of existence, Ethiopia never was colonised - with the exception of a short-lived Italian occupation, from 1936-41. However, for much of its history, peace has eluded Ethiopia, resulting in lengthy periods of socio-economic and political stagnation.
- III. After centuries of feudal monarchical rule, prolonged civil war, and subsequent rule by the Derg regime, the Ethiopian People's Revolutionary Democratic Front (EPRDF) seized power in 1991. Since assuming office, the EPRDF has been squarely facing several formidable challenges: doing away with the authoritarian and repressive rule of the past and instituting a constitutionally guaranteed federal democratic political system in its place. This process has gone hand in hand with dismantling a state-dominated and underdeveloped command economy, and introducing a market-oriented economy
- IV. Thanks to the strong political will and commitment of the new rulers and the peoples of Ethiopia, almost two decades of relative peace and political stability, and the cooperation of the international community and development partners, Ethiopia has been able to register noteworthy achievements in all the thematic areas of the APRM. For the first time ever, a federal democratic political system was introduced by the 1994 FDRE Constitution consisting of a federal government and nine regional states; censorship was abolished in the country's modern history and a vibrant private press mushroomed in the major urban areas, especially Addis Ababa. The Ethiopian people were able to freely elect their leaders and four national and regional parliamentary elections were held in 1995, 2000, 2005 and 2010 despite some challenges. These are giant strides in the area of political governance. On the economic front, there has also been significant progress. Ethiopia has since emerged as one of the fastest growing non-oil economies in Africa with double-digit growth and continued improvement in infrastructure and access to basic services.

C. Democracy and Political Governance

- V. From an imperial political order with underpinnings of feudalism, Ethiopia has transformed to a federal state built on the principles of autonomy and self-determination of constituent nations, nationalities and peoples which allow for secession, under certain entrenched constitutional provisions. The Ethiopian People's Revolutionary Democratic Front (EPRDF) has been the lead instrument of this transformation to a federal multiparty democratic system that encourages self-governance and self-reliant development.



- VI. The country's federalism has, however, sometimes been criticised for "essentialising" ethnic identities, "privileging" them over other identity types and in the process heightening ethnic tension and conflict. Yet, in an important sense, Ethiopia's federalism is a refreshing approach to governance. This is because it moves away from regarding ethnicity as a negative or dysfunctional political and socioeconomic social force. Instead, it emphasises the positively creative, crosscutting utilitarian value of ethnicity for democracy and development, in anchoring democratic politics and development as a bargaining process, based on mutuality and reciprocity among ethnic and national groups, which constitute the fundamental components of the social demography and political tapestry of the typical African state. This is indeed in the spirit of Articles 20(1) and 22(1) of the African Charter on Human and Peoples' Rights¹. However, as this new order is work in progress, its success depends largely on how the political institutions are consolidated and sustained
- VII. Ethiopia has signed and ratified almost all the six core instruments in this thematic area with the exception of one important core treaty - the Convention on Migrant Workers and their Families (CMW) The CRM heard that government had not ratified optional protocols especially those that empower individuals to complain about the government in the international forum.
- VIII. The Ethiopian Constitution contains the international-law friendly provision which stipulates that all ratified international conventions can be invoked and applied in the Ethiopian Courts without any necessary Legislative Act domesticating these treaties. Though Ethiopia law is friendly to international law, Ethiopia has not fully implemented those conventions it has already ratified. Ethiopia is behind in its reporting obligations on major international human rights treaties. For instance, Ethiopia made its first reporting on the Convention against Torture, International Convention on Civil and Political Rights and the International Convention on Economic, Social and Cultural rights on 28/07/2009² since it ratified these conventions.
- IX. A number of major challenges, however, must be tackled. First, political asymmetries between the regional states and the consequential regional inequalities must be constructively approached. In the same way, applying the policy of equity to redress historic disadvantages of some national and ethnic groups, particularly in education and in the public service, must be reconciled with the merit principle. A related problem has to do with the top-down nature of governance processes, which apparently is due to the application of the governing principle of democratic centralism as adopted by the ruling party. The problem with the principle of democratic centralism is that it does not allow for compromises and consensus building outside of the framework of the ruling party. The party tends to demand strict party discipline even down to the level of the local community (neighbourhoods), thereby sometimes frustrating or negating the policy of decentralisation. Rigid adherence to democratic centralism in a multiparty democratic arrangement can yield top-down governance and intolerance.
- X. Thirdly, there is urgent need to strengthen cross-national and oversight institutions, like the National Election Board of Ethiopia, the Human Rights Commission, the Federal Ethics and Anti-

¹ Article 20(1) states that "All peoples shall have the right to existence. They shall have the unquestionable and inalienable right to self-determination. They shall freely determine their political status and shall pursue their economic and social development according to the policy they have freely chosen" Article 22(1) states that "All peoples shall have the right to their economic, social and cultural development with due regard to their freedom and identity and in the equal enjoyment of the common heritage of mankind"

² <http://www.unhchr.ch>



Corruption Commission, and the Ombudsman, among others, and to develop appropriate democratic values and political culture that will prevent re-hegemonisation by a national group or coalition of national and ethnic groups and enable Ethiopians to sustain a system of governance that finds “*beauty in its unity and diversity in its beauty*”—as stated in its creed.

Freedom of expression as guaranteed under Article 29 of the Constitution should prevail. Reports of journalists, editors and publishers being harassed and prosecuted for alleged violations of press laws are still common. Government usually threatens to jam and close media centres for violation of press laws. There was reported surveillance of the press and journalists during the May elections in Ethiopia. Out of fear, the media centres go to the extent of distorting public statements from opposition politicians.

- XI. The CRM observes undercurrents of perceptions, especially among opposition groups that critical institutions and agencies such as FEACC and the NEBE are not independent. Although the CRM was given no proof or concrete evidence to support these perceptions, they are noted as potential flash points. More constructive engagement and a demonstrable show of political will from the political class is required to reach a consensus on how best to build capacity for these critical institutions of democratic consolidation and national unity. It is incumbent on the government to create a competitive and level playing field to assure Ethiopians of the ex-ante indeterminacy of the electoral process and ensure the credibility and legitimacy of political succession, even after the 2010 general elections.

D. Economic Governance and Management

- XII. Since the overthrow of the Derg regime in May 1991, Ethiopia has witnessed a wide range of policy reforms in the economic sphere. The socialist command economy has given way to a market-oriented liberal economy.
- XIII. Overall, the Government of Ethiopia (GoE) has continued with reforms that started with the introduction of the Agricultural Development-Led Industrialisation (ADLI) strategy in 1992. The strategy provides the basis for its subsequent adoption of other development frameworks that are currently being implemented, including the *Plan for Accelerated and Sustained Development to End Poverty* (PASDEP) covering the period 2005/06-2009/10. In the context of these economic reform and poverty reduction programmes, the government’s primary macroeconomic objective has been to promote rapid, broad-based and sustainable private sector-led growth that is adequate to reduce poverty. The target economic growth rate is 7.0 percent per annum.
- XIV. On standards and codes, Ethiopia has signed and ratified several international standards and codes. However, the CRM is concerned that no detailed or further information was availed to the team regarding (a) the status of implementation of ratified treaties to validate performance of these standards and codes; (b) mechanisms for monitoring the implementation of the ratified standards and codes; (c) the central depository of ratified and domesticated standards and codes; (d) and, (e) the level of public awareness of ratified standards and codes. Apart from the implementation of financial standards and codes, there seemed to be little that the Government of Ethiopia (GoE) was



doing to close this gap apart from enrolling the international financial institutions for technical assistance

- XV. Without a doubt, the performance of macroeconomic variables in the recent past has been remarkable despite the prevalence of internal and external shocks to the economy. Significant achievements have been made in several areas of economic growth, including inflation control, employment creation, domestic resource mobilisation and decline in fiscal deficits, export promotion (particularly of non-tradition exports), food security, private sector development and investment.
- XVI. However, the robust growth performance and considerable development gains from 2003 to 2007 period came under threat in 2008 with the emergence of the twin macroeconomic challenges of high inflation and a difficult balance of payments situation. The problem was exacerbated by the high fuel and food prices in the global market and adverse weather conditions. These threats have moderated as the Government of Ethiopia has taken a number of steps in recent months to address the macroeconomic problems (e.g., tightening fiscal policy and reducing government's domestic borrowing, mitigating the impact of high food prices on the poor, reducing the domestic borrowing of public enterprises, tightening money supply, and gradually depreciating the local currency).
- XVII. A major concern for Ethiopia is the current low levels of domestic resource mobilisation and the reliance in large part on external resource inflows, in particular, under the Protection of Basic Services (PBS) programme to finance the country's development endeavour. To address this concern, key reforms are also being undertaken in tax policy and administration. Such reform has included reorganising the Ministry of Revenue and replacing it with a new autonomous body – the *Revenue and Customs Authority* – implementation of a national Taxpayer Identification Number (TIN); the introduction of the presumptive tax scheme in order to address the hard -to -tax group; computerising tax administration, and conducting comprehensive tax education to enhance taxpayers' compliance. The reforms have yielded significant improvement in domestic revenue performance collection in the recent past even though a number of challenges remain. These include the large size of the informal sector and tax payers who do not maintain adequate books of account and/or understate their incomes, corruption, and limited human capacity for supervision.
- XVIII. Another challenge is the need to promote the strengthening and growth of financial Institutions. Even though the number of private banks, bank branches and microfinance institutions continue to grow, the observed low level of financial deepening in the country is indicative of the need for further financial sector reform,
- XIX. In the light of all this, the government acknowledges the need to spur economic growth further; give more emphasis to agriculture and agro-based industries, provide the necessary support to private sector investment, micro and small-enterprises (MSE) and microfinance, increase revenue mobilisation, and maintain a lid on government domestic borrowing.

E. Corporate Governance

- XX. As in many other African countries, the concept of corporate governance has just been introduced and is in its infancy. There is currently no national code on corporate governance. The Commercial Code of 1960 is the dominant legal instrument and it is undergoing revision and modernisation.



There are efforts to improve the framework under which corporations operate and that will contribute to improve corporate governance. In particular, efforts are ongoing to establish a standardised mechanism for accounting, develop a set of chart of accounting for SMEs and the establishment of a National Accountants and Auditors Board (NAAB). So far, financial accountability is limited by the absence of national accounting and auditing standards. Ethiopia also does not have any specific structure, such as an Institute of Directors, that focuses on promoting basic corporate governance principles and training stakeholders

- XXI. The total number of registered businesses stood at 82,602 in 2008. Information on firms' distribution by size, sector or geographical location is not available even if there is a consensus that over 60 percent of corporations are located in Addis Ababa
- XXII. State-owned enterprises (SOEs) either dominate or operate in full monopoly in strategic sectors such as power generation and distribution, telecommunication and air transport. In the financial sector, over 50 percent of the lending activities, mainly to households and small businesses, are controlled by private indigenously-owned institutions in urban areas while microfinance institutions respond to the needs and expectations of households in rural areas.
- XXIII. Ethiopia does not have a stock exchange, but it does have the Ethiopia Commodities Exchange (ECE), which is predominantly membership based.

F. Socioeconomic Development

- XXIV. Several advances have also been made in key areas of socioeconomic development. Net primary school enrolments quadrupled from 22 percent in 1991 to 83.4 percent in 2007/08, child mortality nearly halved from 204 per 1000 births in 1990 to 123 per 1000 births in 2007/08, and the number of people with access to clean water more than doubled from 19 in 1990 to 52 in 2006/07. More recently, poverty reduction has accelerated. The poverty headcount, which stood at 46 percent in 1995/96 and 44 percent in 2000/01, fell to 39 percent in 2005/06. Notwithstanding these gains, Ethiopia is a long way from achieving some of the Millennium Development Goals (MDGs) by 2015, given the country's very low starting point. At the same time, the country faces widespread poverty twenty five years after it suffered a devastating famine that killed more than one million people.

G. Key Strengths and Challenges

Strengths

Symbol of African Resistance

- XXV. Ethiopia has maintained - uninterrupted - its old age independence thereby enjoying a unique position in Africa. The country was, no doubt, the most persistent and uncompromising anti-imperialist conscience and spirit of Africa as a result of its direct armed confrontation with the allied international forces of imperialism. It remains a symbol of the indomitable spirit of African resistance against foreign domination.



XXVI. As a result of not having been colonised, the country has some unique attributes which can be harnessed for development. Ethiopia has the continent's only ancient written language with its own alphabet. The country also has its own calendar, based on the Coptic calendar, which is roughly eight years behind the Gregorian calendar. It has the largest number of UNESCO World Heritage Sites (8 out of 78)

High GDP Growth Rate

XXVII. Ethiopia has one of the fastest growing economies in the world with a fast growing annual GDP. In 2007 and 2008, with a GDP growth rate of 11.5 percent, it was one of the fastest growing non-oil dependent African nations.

Challenges

XXVIII. While notable progress has been achieved in pursuit of political and economic reforms, the country still faces a number of challenges that, if not properly and diligently addressed, could complicate its quest to improve the welfare of the majority of its people

Poverty

XXIX. While there has been unparalleled development, Ethiopia is still one of the poorest countries in the world. At US\$340 (average for the 2007-09 period), Ethiopia's per capita gross domestic product (GDP) is much lower than the sub-Sahara African average and only slightly above the levels reached in the early 1970. The United Nations Human Development Report (HDR) 2009, recently ranked Ethiopia as 171 out of 182 countries surveyed with an HDI score of 0.414

Deepening Political Reforms and Democratisation

XXX. Although the Ethiopian people have demonstrated a penchant for political participation there are inherent contradictions. The period since 1991 has witnessed significant political institution-building and democratic reforms in Ethiopia but the political process is still closely controlled by the ruling-Ethiopian People's Revolutionary Democratic Front. There is also a tremendous deficit in political engagement by key actors. Ahead of the general elections in 2010, there was escalating tensions between the long-entrenched ruling party and the opposition. Even after the elections, the relationship between the opposition and ruling party in Ethiopia is rather tense.

XXXI. Ethiopians in large measure needs to transcend the historical psyche of vindictive politics, presumptuousness, confrontation and divisive actions. The path to democracy and good governance is nonlinear but bumpy. Tolerance, pragmatism, cooperation and compromise are essential values that greatly help democracy to function smoothly. A culture of constructive engagement and dialogue needs to be cultivated to reconcile differences among politicians and also vis à vis the larger Ethiopian society. Not only is democracy critical for Ethiopia but it is also the sole guarantee for the survival of this multi-national, multi-religious and multi-cultural nation/state.

Promoting Human Security



- XXXII. Despite the establishment of a modicum of safety and security since 1991, Ethiopia currently faces a multitude of security challenges that could yet impede the country's development progress. The domestic security problem in the form of the low-level insurgency against two secessionist movements – the Ogaden National Liberation Front (ONLF) and the Oromo Liberation Front (OLF) – both allegedly backed by Eritrea - should be urgently addressed.

Establishing a clear role for the Private Sector

- XXXIII. The formal or organised private sector in Ethiopia has been recovering from its decimation under the Derg regime but remains both weak and in an uneasy or ambivalent relationship with the government. Although the EPRDP government has taken certain steps for economic reform through trade deregulation, liberalisation, privatisation and an 'agricultural development-led industrialisation', the private sector remains relatively small, characterised by small companies, low labour productivity and a high degree of corruption.

Telecommunications

- XXXIV. While Ethiopian Telecommunications Corporation is the oldest public telecommunications operator in Africa, it is still a monopoly and this has stifled innovation and retarded expansion. Despite massive investments in recent years into fixed-wireless and mobile network infrastructure, including third generation mobile technology, as well as a national fibre optic backbone, Ethiopia currently has the second lowest telephone penetration rate in Africa. The mobile market penetration is still one of the lowest in the world at little more than 3 percent. Fixed-line penetration is even lower, and this has also impacted on the development of the Internet sector. Prices of broadband connections are excessive. In fact, the 2010 ICT Development Index compiled by the International Telecommunications Union ranked Ethiopia 154 out of 159 countries globally.
- XXXV. The recent signing of a management deal between France Telecom and Ethiopian incumbent ETC is an encouraging development. Ethiopia needs to follow the evolution in the technology and respond to the needs of its business community and the population at large and ensure that it is not left out of information revolution.

H. Commendable Practices

Ethiopia's role in Africa

- XXXVI. Ethiopia, no doubt, played and continues to play a formidable role in forging and cementing African unity. As the most significant emblem of African freedom in colonial times, the country played a paramount role in bringing Africans to unite under one organisation, the Organisation of African Unity, created in 1963 by 32 independent African states. The country had successfully hosted the UNECA which was established by the UN in 1958 - 5 years before the creation of the OAU in 1963.

Ethiopian Airlines

- XXXVII. The 66-year old Ethiopian Airlines is the pioneer African airline and one of the most reliable and profitable airlines in developing countries. The Airlines, apart from facilitating movement in Africa (it currently operates in 34 cities in Africa) also provides basic pilot and aviation maintenance training to trainees from several African countries.



Ethiopia's Road Development Program

XXXVIII. Through the 10-year Road Sector Development Program (RSDP 1997–2007), a two-phased integrated package of investments, reforms, and institutional reorganisation which was later extended to include a third phase up to the end of June 2010, the Government of Ethiopia has been able to overhaul the road network. In all, more than 75,000 kilometers of road, including rural access roads, have been constructed or rehabilitated.

Macroeconomic Policy

Macroeconomic policy making is generally sound and supportive of broad-based economic growth as reflected in the following indicators: strong economic growth rates averaging 11.8 percent between 2003/04 to 2008/09; successful control of inflation despite recent travails; private investment as a share of in GDP rose from 10.1 percent in 2004/05 to 18.2 percent in 2006/07; rapid growth of domestic savings from 1 percent of GDP in 2002/03 to 5.6 percent in 2006/07; reduction in fiscal deficits from 16.4 percent of GDP in 2002/03 to 8.6 percent in 2007/08.

The Ethiopian Commodity Exchange

XXXIX. The establishment of the Ethiopia Commodity Exchange (ECEX) in line with Arusha Declaration and Plan of Action on African Commodities of 2005 makes it possible, for instance, for a trader in India to buy futures of the prized Ethiopian lentils. The ECEX hopes to create a safe and transparent agriculture market, where quality, delivery and payment are assured.

Ethiopia's Ownership of its Development Planning Process

XL. Ethiopia's assertiveness in self-reliant planning is quite commendable. PASDEP is considered by Development Partners as a domestically developed medium to long term national plan for both the Federal and regional Governments. Ownership of the planning process has made it possible to cope with the persistent lack of harmonisation and alignment of policies, procedures and programmes among various donor countries and agencies despite the Paris Declaration on aid effectiveness

Ethiopia's Pro-poor Expenditure Pattern

XLI. Ethiopia's pro-poor spending is noteworthy. Official data show that, on average, over 90 percent of the Government's capital budget is allocated to enhancing pro-poor growth and social sectors, such as agriculture, rural development and food security, roads, irrigation, water supply and sanitation, education, health and HIV/AIDS

Ethiopia's Approach to Microfinance and Access to Markets

XLII. In response to the objectives of ADLI and the need to provide access to finance to small businesses and boost self-employment, Ethiopia has laid great emphasis on microfinance by ensuring that microfinance institutions are established with responsibilities covering all regions. Not only have a sizeable number of microfinance institutions been established but they have several



ramifications in the regions to enable easy access by rural economic actors. Also, Ethiopia's approach in linking markets access to development to other areas (rural roads, agriculture production, rural electrification, and telecommunications) is central in achieving the objectives set in ADLI, particularly for small farmers in regional states.

I. Overarching and Cross-cutting Issues

XLIII. The recurring overarching and cross-cutting issues, with wider ramification for the various dimensions of governance, which emerge from this Country Review Report on Ethiopia are highlighted below:

Resolving the Ethiopian-Eritrean Conflict

XLIV. Civil wars have had a destructive impact on human civilisation. Apart from the immediate pain, horror, destruction, and tragic human losses, they impose substantial costs on governance. In the political sphere, they undermine the legitimacy of the state, threatening its institutions, the security of property rights, and the rule of law. In the economic realm, wars devastate the economy and inhibit development which is why violent conflict is often described as 'development in reverse'.

XLV. Although the bloody border war between Ethiopia and Eritrea (1998-2000) formally ended with the signing of the Algiers agreement, the two nations of the Horn of Africa remain locked in an apparently intractable stalemate. The current state of "no war, no peace" in a fragile cross-border environment can only be of limited value and tentative duration.

XLVI. Ethiopia is the crucible of regional cooperation and development and a leader in the promotion of good governance in African regional affair. With knowledge and deep appreciation of these and other successes, the CRM is confident that the resourcefulness and resolve of the Ethiopian people and the entrepreneurship of their leaders can once again be employed to inspire and lead a sustained initiative that will take the Ethiopian-Eritrean conflict beyond the fragility of "no war, no peace," to the normalisation of relations between Ethiopia and Eritrea.

XLVII. The Ethiopian leadership is called upon to be inspired not only by the prospects of ending a war with Eritrea but more importantly by the opportunities to begin the political, economic and social transformation of the Horn. This is Ethiopia's challenge.

Promoting Inclusion and Managing Diversity

XLVIII. Ethiopia's federalism, based on a principle of autonomy and self-determination of nations, nationalities and peoples, is designed to rely for its strength, cohesion and sustainability on its ability to effectively ensure meaningful and inclusive participation of all of its constituent nations, nationalities and peoples in the critical institutions of governance, especially those institutions that are charged with the responsibility to address the challenge of managing the country's diversity, coordinating its multiple levels of governance and ensuring the equitable provision and distribution of public goods and services.

XLIX. The challenge which faces Ethiopia's federalism is deepening inclusive participatory processes and strengthening institutions of political, social and economic governance that manage diversity and



build national cohesion. This will ensure social justice for all, democratic governance and the provision of public goods and services in ways that are considered to be fair and equitable by the people of its diverse constituent regional states and administrative units.

- L. Managing diversity and ensuring all-inclusive governance has to also be achieved through establishing and strengthening symmetrical relationships between the federal government and the regional states and between regional states themselves so that regional inequalities and historical imbalances among national groups can be effectively addressed. Effective symmetrical relationships are particularly critical in the area of fiscal governance.

Climate Change, Vulnerability and Food Insecurity

- LI. Global climate change is one of the most serious threats to the environment, health and general well-being of any population. The starkest manifestation of the country's environmental challenges is its vulnerability to recurrent food insecurity and famine.
- LII. Ethiopia is already facing a number of environmental challenges, exacerbated by changes in climate. Ethiopia suffers from fundamental and pervasive food insecurity mainly as a result of periodic rain shortages. Droughts, the most important climate-related hazard affecting Ethiopia, are occurring more frequently, giving the country less time to recover before the next event, reducing agricultural yields, and sentencing millions to food insecurity.
- LIII. Despite some advances in reducing poverty indicators, the country currently has about 8.3 million people who are chronically food insecure and another 6.7 million who face transitory problems with food insecurity – a continuously growing population is only exacerbating this situation. There is now growing consensus among both Ethiopians and the donor community that emergency assistance alone will do little to address the sources of food insecurity and that a longer term, more sustainable response is required. The challenge for the country is to correct the imbalance between humanitarian assistance and development assistance and build resiliency to withstand and manage shocks, while laying the foundation for sound economic recovery.
- LIV. There are several main entry points for adaptation and risk reduction strategies aiming at increased food security in view of climate change which a country could adopt. Only by succeeding in making significant advances on all fronts – increasing food availability, enhancing access to food, and strengthening resilience and development – will Ethiopia reduce the risk of dramatic increases in the number of hungry people. But there is also the challenge of population and food.

Aid Dependence

- LV. In Ethiopia, external resources are financing around a third of the national budget. A characteristic feature of the external assistance that Ethiopia receives is the large share of humanitarian and food aid, which tends to constitute between 30-50 percent of total aid.
- LVI. Despite Ethiopia's high aid dependence, the evaluation has noted the absence of a serious reflection and discourse on an aid exit strategy. Although the goal is to reduce aid dependency over time, the authorities in the country see further scaling-up of development cooperation as necessary to meet the MDGs.



- LVII. Reforms are, therefore, needed to wean Ethiopia off aid. Aid should also be channelled into productive ventures to lower the costs of doing business, increase productivity and insert goods from Ethiopia competitively into international markets.

Rapid Population Growth and Socio-economic Implications

- LVIII. There is growing concern among observers regarding Ethiopia's capacity to cope with the implications of a growing population for economic growth, job creation, food security and service provision. According to projections based on the 2007 census, Ethiopia has a population of close to 80 million. It is gearing to overtake Egypt as Africa's second most populated nation after Nigeria. The data from the 2008 report of the Population Census Commission of the Federal Democratic Republic of Ethiopia show that the population of Ethiopia was growing at a rate of 2.6 percent per annum in 2007, on average, as against 2.5 percent in 2005. While such a rate is not the highest among African countries and even though it seems to have stabilised, it should be considered relatively high when viewed in the broader context of socio-economic development efforts being made at both Federal and regional levels. Moreover, there are disparities among regions with average population growth rates of 4.1 percent, 3.0 percent and 2.9 percent in Gambella, Benishangul-Gumuz and Oromia respectively. With a growth rate of 2.6 percent per year, the country's population looks set to double within another 27 years. As shown in Table 7.1, by 2050, there will be more than 170 million people in Ethiopia.
- LIX. Without any doubt, the above figures could represent major constraints to the commendable efforts being made by the Government. Such efforts include, among others, providing quality education to all, particularly primary education, establishing adequate number of health centres, particularly in rural areas, facilitating access to such essential facilities as water and sanitation, electricity, housing and land, and substantially reducing poverty.

Land Policy in Ethiopia

- LX. Land is an emotional and complex issue in the whole of Africa. It constitutes the real source of power in imperial and contemporary Ethiopia. However, land is public property administered by the government since the 1975 radical land reform which brought to an end the exploitative type of relationship that existed between tenants and landlords.
- LXI. The land issue, perhaps more than any other policy issue, is hotly contested. A fierce political debate about the appropriate land tenure policy is raging. The debate has largely been carried out along two diametrically opposite arguments concerning property rights to land. The Ethiopian government continues to advocate state ownership of land whereby only usufruct rights are bestowed upon landholders. The government's position that emphasises the social function of land is challenged by advocates of a privatisation of property rights – most prominently, the Ethiopian Economic Association (EEA), some political parties in opposition, and a number of donor agencies. These tend to argue that state ownership of land prevents the development of a land market, discourages farmers to invest on land, and thereby holds down land productivity as well as encouraging unsustainable land use practices.



- LXII. An assessment of the land policy debate in Ethiopia by the APR Mission reveals that there is an unfortunate focus on ownership issues and a dichotomy of views on state versus private ownership. . Everyone agrees on the overall aim – to boost pro-poor agriculture-led growth – and this is echoed in policy documents and discussions from all sides of the debate, but what to do about land and land tenure remains a sticking point which urgently needs to be tackled
- LXIII. Ethiopia has to make some hard choices in the near future about its land policy. What is needed is a careful and deliberate initiative, backed by research, to identify an appropriate and pragmatic policy mix that could address the weaknesses of land tenure policy and its consequences.

Corruption

- LXIV. There are varying opinions among stakeholders about the existence and magnitude of corruption in Ethiopia. In spite of disagreement on this score among them, the stakeholders agree that corruption is a major problem which requires collective action by all strata of the Ethiopian state and society. Notable sources of corruption were generally identified with tax collection, the police, extreme poverty, and poor governance at the level of wereda administration.
- LXV. While there is no consensus among Ethiopian stakeholders on the importance and the spread of corruption, there is recognition of the role that institutions like the FEEAC play in combating it. However, even if the Ethiopian Government did take significant steps to combat corruption with the creation of the FEEAC, there is need to improve such structure and complete the whole institutional infrastructure for fighting and preventing corruption. The FEEAC needs to be more independent to avoid the perception that it is being used as a tool to harass political opponents; and there is need to deepen the independence of the judiciary system and endow with well-trained and competent judges. The role of the media is also essential and measures should be undertaken to protect its independence and strengthen its capacity through specific training programs. In parallel, the Government should take the lead in developing and implementing awareness programs targeting civil society organisations and professional associations, particularly in the regions.

HIV/AIDS

- LXVI. Ethiopia faces an epidemic among sub-populations and geographic areas, with an estimated overall HIV prevalence rate of 1.4 percent, based on testing a sample of 5,700 men and 5,300 women aged 15 to 49 who gave their informed consent. Within the individual regions, this testing found that the prevailing rate varied from 0.2 in the SNNPR to a high of 6.0 percent in the Gambela Region. While previous estimations were higher, expansion of surveillance data and improved analyses resulted in significantly lower estimations for 2005.

Gender Mainstreaming

- LXVII. While gender equality is a common challenge throughout Africa, the Government of the Federal Democratic Republic of Ethiopia has made it central to its overall policy. Since 1993, Ethiopia has endeavoured to integrate every aspect of gender equality in political, economic and social development endeavours. The establishment of a Ministry for Women Affairs is a clear testimony of such political will but challenges remain in all areas.



- LXVIII. However, there are cultural and social obstacles inhibiting progress. Low status characterises virtually every aspect of girls' and women's lives. Traditionally, women in Ethiopia have been consigned to strict societal roles, essentially cooking and raising children, and they have always had a muted voice in decisions affecting them. A heavy workload imposed on girls at an early age, early and forced marriage, a subservient role to both husband and mother-in-law, harmful traditional practices (HTPs), including female genital mutilation (FGM) and milk tooth extraction, are all conspiring to slow progress in gender mainstreaming. According to Ethiopia's 2005 Demographic and Health Survey (EDHS), about 73.3 percent of Ethiopian women of all ages have been subjected to FGM. The practice is declining though as only 62.1 percent of women aged 15-19 had been cut, compared to 73 percent of those aged 20-24. There are regional variations but the eastern Somali region has the highest prevalence at 97.3 percent followed by Afar at 91 percent. Moreover, in Afar, the cut involves infibulation (or Type III FGM), the removal of the external genitalia. Aside from the immediate risks of severe blood loss, shock and infection, longer-term problems associated with FGM include: infections of the urinary and reproductive tracts, infertility and a range of obstetric complications, such as postpartum haemorrhage and death of the baby.
- LXIX. While women and men are equally eligible for public functions and have the same voting rights, only a relatively small proportion of women are actually elected or occupy senior governmental positions.